

SENATE BILL 994  
By Haynes

AN ACT to amend Tennessee Code Annotated, Title 67,  
Chapter 4, relative to occupancy taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-1402(a), is amended by adding the following language at the end of the subsection:

Provided, however, the maximum amount authorized to be levied in this subsection is subject to the provisions of § 67-4-1425.

SECTION 2. Tennessee Code Annotated, Section 67-4-1425, is amended by deleting the section in its entirety, and by substituting instead the following language:

(a) After July 1, 2005, any private or public act, or ordinance adopted pursuant to § 67-4-1402, which authorizes a municipality or county to levy a tax on the privilege of occupancy of a hotel shall limit the application of such tax as follows:

(1) The cumulative amount of the tax levied by acts or ordinances adopted by a county or a municipality located in such county shall not exceed five percent (5%);

(2) Any new occupancy tax or increase to an existing occupancy tax must be used for direct promotion of tourism or tourist related activities;

(3) A municipality shall only levy such tax on occupancy of hotels located within its municipal boundaries;

(4) A municipality shall not be authorized to levy such tax on occupancy of hotels if the county in which such municipality is located has levied such tax prior to the adoption of the tax by the municipality; and

(5) A county shall only levy such tax on occupancy of hotels located within its boundaries but outside the boundaries of any municipality which has levied a tax on such occupancy prior to the adoption of such tax by the county.

(b) The provisions of this section shall be applied prospectively only and all private or public acts, or ordinances adopted pursuant to § 67-4-1402, levying taxes on the privilege of occupancy of hotels which are enacted and in effect prior to July 1, 2005, shall remain in full force and effect. Provided, that any increases levied on or after July 1, 2005, to such acts or ordinances, and any new occupancy taxes levied by any county or municipality shall be levied only in accordance with the provisions of this act.

SECTION 3. Tennessee Code Annotated, Section 67-4-503, is amended by adding the following language to be designated as subsection (c):

(c) Notwithstanding any provision of subsection (a), or any other law to the contrary, on and after July 1, 2005, with respect to the authority of any city or county to levy an occupancy tax by public or private act or by ordinance enacted pursuant to § 67-4-1402, if there is a conflict between this section or such other public or private acts and § 67-4-1425, the provisions of § 67-4-1425 shall control.

SECTION 4. This act shall take effect July 1, 2005, the public welfare requiring it.